PITBOSS ENTERTAINMENT INC.
Form 10QSB
November 22, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2005

Or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ____________ to _____________

Commission File Number: 333-86518

PitBOSS Entertainment, Inc.

(Exact name of small business issuer as specified in its charter)

Nevada	75-3025152
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14435 FM 2920, Tomball Texas, 77377

(Address of principal executive offices)

(281) 255-9424

(Issuer's telephone number)

Karma Media, Inc.

13101 Washington Blvd., 2nd Floor,

Los Angeles, CA 90066

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: 16,600,000

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

PitBOSS Entertainment, Inc.

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Part I - Financial Information

Item 1. Financial Statements

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)

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PITBOSS ENTERTAINMENT, INC.
(FORMERLY KARMA MEDIA, INC.)
CONDENSED BALANCE SHEET
JUNE 30, 2005 (UNAUDITED)

ASSETS

Current Assets:		
Cash	$	-
Accounts receivable		-
Prepaid expenses and other current assets		-
Total Current Assets		-
Fixed assets, net		-
TOTAL ASSETS	$	-

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	3,500
Total Current Liabilities		3,500
STOCKHOLDERS' (DEFICIT)		
Common stock, $.001 Par Value; 25,000,000 shares authorized		
16,600,000 issued and outstanding		16,600
Warrants outstanding		777,357
Additional paid-in capital		1,013,559
Accumulated deficit		(1,811,016)

Total Stockholders' (deficit)		(3,500)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	$	-

The accompanying notes are an integral part of these condensed financial statements.

PITBOSS ENTERTAINMENT, INC.
(FORMERLY KARMA MEDIA, INC.)
CONDENSED STATEMENT OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003 (UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMBER 30,	
	2005	**2004**	**2005**	**2004**
OPERATING REVENUES				
Revenue	$ 230,250	$ 608,639	$ 44,899	$ 151,006
Cost of goods sold	112,137	382,178	22,909	135,420
GROSS PROFIT	118,113	226,461	21,990	15,586
OPERATING EXPENSES				
General and administrative expenses	213,126	1,118,307	48,108	583,770
Depreciation	5,181	2,635	-	674
Total Operating Expenses	218,307	1,120,942	48,108	584,444
(LOSS) BEFORE PROVISION FOR TAXES	(100,194)	(894,481)	(26,118)	(568,858)
Provision for income taxes	-	-	-	-
NET (LOSS) APPLICABLE TO COMMON SHARES	$ (100,194)	$ (894,481)	$ (26,118)	$ (568,858)
(LOSS) PER SHARE - BASIC	$ (0.01)	$ (0.06)	$ (0.00)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON				

SHARES OUTSTANDING - BASIC	16,600,000	15,222,222	16,600,000	15,666,667

The accompanying notes are an integral part of these condensed financial statements.

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PITBOSS ENTERTAINMENT, INC
(FORMERLY KARMA MEDIA, INC.)
CONDENSED STATEMENTS OF CASH FLOW
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004 (UNAUDITED)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (100,194)	$ (894,481)
Adjustments to reconcile net (loss) to net cash		
provided by (used in) operating activities:		
Shares issued for services	-	882,000
Depreciation	5,181	2,635
(Increase) decrease in accounts receivable	77,556	(21,839)
(Increase) decrease in prepaid expenses and other current assets	4,770	(15,398)
Increase (decrease) in accounts payable and accrued expenses	(12,500)	8,084
Total	75,007	855,482
Net cash (used in) operating activities	(25,187)	(38,999)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of fixed assets	(3,086)	(1,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of subscriptions receivable	-	770
Distribution	(4,184)	-
Net cash provided by (used in) investing activities	(4,184)	770
NET (DECREASE) IN CASH	(32,457)	(39,943)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	32,457	106,668

CASH AND CASH EQUIVALENTS - END OF PERIOD	$ -	$ 66,725
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Shares issued for services	$ -	$ 882,000
Liability for stock to be issued for services	$ -	$ 200,000

The accompanying notes are an integral part of these condensed financial statements.

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PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 1-

BASIS OF PRESENTATION

The interim financial statements included herein, presented in accordance with accounting principles generally accepted in the United States have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information present and not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these interim financial statements be read in conjunction with the financial statements of the Company for the period ended December 31, 2004 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

NOTE 2-

HISTORY AND ORGANIZATION OF COMPANY

PitBoss Entertainment, Inc. (the "Company") was organized April 21, 1999 under the laws of the State of Nevada, as Le Gourmet Co. Inc.

On March 11, 2002, the Company amended its Articles of Incorporation to increase the number of authorized shares to 25,000,000 shares and to change the par value to $0.001.

On March 17, 2003, the Company amended its Articles of Incorporation to change its name to Estelle Reyna, Inc.

On September 11, 2003, the Company amended its Articles of Incorporation to change its name to Karma Media, Inc.

On July 18, 2005, the Company amended its Articles of Incorporation to change its name to PitBoss Entertainment, Inc.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Cash and cash equivalents

The Company maintains a cash balance in a non-interest bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of reserves for sales returns and allowances, and net of provisions for doubtful accounts. Allowances for sales returns and discounts are based on an analysis of historical trends, and allowances for doubtful accounts are based primarily on an analysis of aging accounts receivable balances and on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer's payment history.

Fixed assets

Fixed assets are recorded at cost. Minor additions and renewals are expensed in the period incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives using the straight-line method. Depreciation is calculated using half year convention over the estimated useful lives as follows:

Computers and equipment

5 years

Impairment of long- lived assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. Management has not had any impairment adjustments for the nine months ended September 30, 2005 and 2004, respectively.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Revenue recognition

The Company recognizes income when earned through affiliate programs. The affiliate programs are with various companies whereby they will pay a referral or commission for sales generated through a link on the Company's website. The affiliates generally take 30 days to process the commission once the sale occurs. The Company recognizes the commission once they are notified of the amount. For consulting, on-line marketing and sponsorship and appearance income, the Company recognizes revenue as services are performed.

Advertising costs

The Company expenses all costs of advertising as incurred. Advertising costs were $11,500 and $203,744 for the nine months ended September 30, 2005 and 2004, respectively and are included in cost of goods sold in the condensed statements of operations.

Reclassifications

Certain amounts for the year ended September 30, 2004 have reclassified to conform to the presentation of the September 30, 2005 amounts. The reclassifications have no effect on net loss for the nine months ended September 30, 2004.

(Loss) Per Share of Common Stock

Historical net (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share at September 30, 2005 and 2004, respectively when the Company reported a loss because to do so would be anti-dilutive for periods presented. As of September 30, 2005 and 2004, the Company had 3,000,000 warrants available.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

(Loss) Per Share of Common Stock (Continued)

The following is a reconciliation of the computation for basic and diluted EPS:

	September 30, 2005	September 30, 2004
Net (Loss)	$(100,194)	$(894,481)
Weighted-average common shares outstanding (Basic)	16,600,000	15,222,222
Weighted-average common stock equivalents:		
Stock options	-	-
Warrants	-	-

Weighted-average common shares		
outstanding (Diluted)	16,600,000	15,222,222

Start-up costs

Reporting on the costs of start- up activities Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," which provides guidance on the financial reporting of start-up costs and organizational costs, requires most costs of start- up activities and organizational costs to be expensed as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Fair value of financial instruments

Fair value of financial instruments discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2005. The respective carrying value of certain balance sheet financial instruments approximated their fair values. These financial instruments include cash and equivalents, accounts receivable, prepaid expenses and accounts payable and accrued expenses. Fair values were assumed to approximate carrying values because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Income taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable on the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Recent pronouncements

Share Based Payments

In December 2004, the FASB issued Financial Accounting Standards No. 123 (revised 2004) (FAS 123R), "Share-Based Payment, " FAS 123R replaces FAS No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123R requires compensation expense, measured as the fair value at the grant date, related to share-based payment transactions to be recognized in the financial statements over the period that an employee provides service in exchange for the award. The Company intends to adopt FAS 123R using the "modified prospective" transition method as defined in FAS 123R. Under the modified prospective method, companies are required to 1) record compensation cost prospectively for the unvested portion, as of the date of adoption, of previously issued and outstanding awards over the remaining vesting period of such awards. FAS 123R is effective January 1, 2006. The Company is evaluating the impact of FAS 123R on its' results and financial position.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Recent pronouncements (continued)

Exchange of Non-Monetary Assets

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 153, "*Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions*" ("SFAS 153"). This statement amends APB Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. Under SFAS 153, if a non-monetary exchange of similar productive assets meets a commercial-substance criterion and fair value is determinable, the transaction must be accounted for at fair value resulting in recognition of any gain or loss. SFAS 153 is effective for non-monetary transactions in fiscal periods that begin after June 15, 2005. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

Stock- Based Compensation

Employee stock awards under the Company's compensation plans are accounted for in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees", and related interpretations. The Company provides the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), and related interpretations. Stock-based awards to non-employees are accounted for under the provisions of SFAS 123 and has adopted the enhanced disclosure provisions of SFAS No. 148 "Accounting for Stock-Based Compensation- Transition and Disclosure, an amendment of SFAS No. 123".

The Company measures compensation expense for its employee stock-based compensation using the intrinsic-value method. Under the intrinsic-value method of accounting for stock-based compensation, when the exercise price of options granted to employees is less than the estimated

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PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 3-

SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (CONTINUED)

Stock- Based Compensation (Continued)

fair value of the underlying stock on the date of grant, deferred compensation is recognized and is amortized to compensation expense over the applicable vesting period. In each of the periods presented, the vesting period was the period in which the options were granted. All options were expensed to compensation in the period granted rather than the exercise date.

The Company measures compensation expense for its non-employee stock-based compensation under the Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) Issue No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services". The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital.

NOTE 4-

INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), which requires use of the liability method. SFAS No. 109 provides that deferred tax assets and liabilities are recorded based on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, referred to as temporary differences. Deferred tax assets and liabilities at the end of each period are determined using the currently enacted tax rates applied to taxable income in the periods in which the deferred tax assets and liabilities are expected to be settled or realized.

The Company has not recorded a provision for income taxes for the nine months ended September 30, 2005 and 2004, respectively.

At September 30, 2005, deferred tax assets consist of the following:

Deferred tax asset	$625,520
Less: valuation allowance	(625,520)
	$ -0-

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PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 4-

INCOME TAXES (Continued)

At September 30, 2005, the Company had federal net operating loss carryforwards in the approximate amounts of $1,787,200 available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

NOTE 5-

STOCKHOLDERS' EQUITY

The Company is authorized to issue 25,000,000 shares of its $0.001 par value common stock.

On March 11, 2002, the Company effected a 1000-for-1 forward stock split of its $0.001 par value common stock.

All share and per share amounts have been retroactively restated to reflect the splits discussed.

On May 5, 1999, the Company issued 2,000,000 shares of its $0.001 par value common stock to an officer and director in exchange for a subscriptions receivable of $2,000.

During March 2002, an officer, director, and shareholder of the Company paid for expenses totaling $1,900 and paid cash in the amount of $100 to cancel the entire subscriptions receivable balance.

On September 25, 2002, the Company completed its offering registered via Form SB-2 and issued a total of 500,000 shares of its $0.001 par value common stock in exchange for cash of $25,000.

On February 14, 2003, the Company issued a total of 2,000,000 shares of its $0.001 par value common stock of the Company to two individuals, who are currently officers and directors of the Company, in exchange for services rendered valued at $100,000.

On February 28, 2003, the Company declared a stock dividend to its shareholders. Each shareholder of record as of February 28, 2003 received four shares of the Company's $0.001 par value common stock for each common share owned.

On July 14, 2003, Michelle Quinlan, the former president and CEO of the Company, cancelled 8,470,000 shares of the Company's $0.001 par value common stock.

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PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 5-

STOCKHOLDERS' EQUITY (CONTINUED)

On August 28, 2003, the Company issued a total of 770,000 shares of its $0.001 par value common stock to individuals for a subscriptions receivable of $770 and for services rendered of $37,730 based on the fair market value of the stock.

On December 4, 2003, the Company issued a warrant to purchase 3,000,000 shares of its $0.001 par value common stock in exchange for consulting services valued at $777,357.

In 2004, the Company issued 1,800,000 shares of common stock valued at $882,000 for services rendered. These shares were issued in connection with two agreements.

As of September 30, 2005 there have been no other issuances of common stock.

On July 18 2005, the Company reported and approved a 10 to 1 reverse split in the issued and outstanding shares.

NOTE 6-

WARRANTS AND OPTIONS

On December 4, 2003, the Company issued one warrant to a consultant to purchase 3,000,000 shares of the Company's $0.001 par value common stock. The warrant exercise price is $0.50 per share of common stock and substantially all warrants will expire on or before October 31, 2013. The warrant has been determined to have a market value of $777,357 using the Black-Scholes option pricing model with a market value per common share of $0.50, a risk free rate of return of 4.41%, an exercise period of ten years and a volatility of 80% and was discounted for the lack of marketability.

During the nine months ended September 30, 2005, the warrant has not been exercised.

PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 7-

RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2005 and 2004, the Company paid the president of the Company $40,500 and $20,000, respectively for his services.

During the nine months ended September 30, 2005 and 2004, the Company paid the secretary of the Company $39,900 and $70,000, respectively for her services.

Office space and services were provided without charge by an officer, director and shareholder through November 2004. Such costs are immaterial to the financial statements and, accordingly, have not been reflected therein. The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 8-

COMMITMENT

On December 4, 2003, the Company executed a consulting agreement with Christopher Pair to assist the Company with strategic planning and introducing potential business partners and customers. The agreement provides for (a) consulting fees paid quarterly based on 20% of net revenues less certain revenues attributable to revenues not associated with the contract and other expenses; and (b) issuance of one warrant to purchase up to 3,000,000 shares of the Company's $0.001 par value common stock. Consulting fees associated with the warrant were based on a value of $0.50 per share. The value of the warrant was based on the then- market closing price of the Company's common stock. The Company then discounted both the then- market closing price because the shares issued and options to purchase shares were restricted and the volume of trading of the Company's common stock that was not restricted was relatively low. The resulting consulting expense recognized for the warrant issuance was $777,356 for the year ended December 31, 2003. During the nine months ended September 30, 2005, the Company has not paid or accrued any consulting fees.

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PITBOSS ENTERTAINMENT, INC.

(FORMERLY KARMA MEDIA, INC.)

NOTES TO CONDENSED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2005 (UNAUDITED)

NOTE 9-

GOING CONCERN

As shown in the accompanying condensed financial statements, the Company has sustained net operating losses for the years ended December 31, 2004 and 2003 and for the nine months ended September 30, 2005, and has accumulated large deficits. This raises substantial doubt about the Company's ability to continue as a going concern.

The Company's future success is dependent upon its ability to achieve profitable operations and generate cash from operating activities. Sales have started to increase and the Company believes that it will be profitable in 2005, and will generate sufficient net income and cash flow to sustain operation over the next twelve months. There is however no guarantee that the Company will be able to generate revenues to sustain its operations.

The condensed financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that might result should the Company be unable to continue as a going concern.

Item 2. Management's Discussion and Analysis or Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about our business, financial condition and prospects that reflect our assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, our ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry. There may be other risks and circumstances that we are unable to predict. When used in this Quarterly Report, words such as, *"believes," "expects," "intends," "plans," "anticipates," "estimates"* and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

General

PitBOSS Entertainment, Inc. ("PBSS" or the "Company", formerly Karma Media, Inc.) was incorporated in the State of Nevada on April 21, 1999 as Le Gourmet Co., Inc. Until March 2003, PBSS was implementing a plan to market a variety of cookbooks in numerous categories and specialty gourmet kitchen products to retail consumers via the Internet. Le Gourmet Co., Inc. had only limited start-up operations and generated negligible revenues.

In February 2003, Dominique Einhorn and Estelle Reyna assumed majority control of the Company, amended the Company's name to Karma Media, Inc., and began offering broader Internet-based products and services. The Company's business strategy and operational plan then consisted primarily of the production and distribution of a travel show, staring Estelle Reyna, who assigned to the Company all revenues from her modeling and personal appearances starting February 14, 2003. The flagship product was a half-hour travelogue produced primarily for television. The travelogue wais entitled "Estelle's Paradise" and was hosted by then Company Chairperson, Latin Supermodel Estelle Reyna. Both an original English and Spanish version of the show were made available.

During FY2004 and early FY2005, Karma Media produced a total of 20 (twenty) half-hour episodes of "Estelle's Paradise" in English as well as in Spanish.

Recent business activities

Upon acquiring Karma Media on July 18, 2005, the Company began to shift its business plan in correlation with its merger and formed a combined entity named PitBOSS Entertainment, Inc.

PitBOSS Entertainment, Inc. (also referred to as the "Company") is an entertainment company with a diversified asset base consisting of both hard assets as well as media properties that are used to promote its assets. The Company also assists outside companies, both public and private, with an affordable suite of media and branding services.

The Company's content is delivered to a worldwide audience via television, radio, print, the Internet and other media. The content is meant to be both entertaining and educational, gearing to bring awareness and understanding to current social issues. Due to its diversified content, the Company hopes to generate multiple revenue streams in advertising, programming, marketing and syndication. The Company's core value of social responsibility influences its content and strategic relationships.

The Company's avenues of commerce are explained and described below:

Advertising

Over the past two years, PitBOSS Entertainment (formerly Karma Media, Inc.) has developed its own library of proprietary content, primarily for television. The Company's flagship half-hour weekly travel program, "Estelle's Paradise," airs on television stations around the world, helping create boundless potential for advertising and product placement inventory.

Advertising Deployment

The Company established itself as a leader in the development and distribution of entertainment programming, primarily in the United States and the rapidly-growing Hispanic market. In South America, the Company's programs are broadcasted daily week to a network of 382 television stations via Americana de Television, (www.atel.tv).

Domestically, the Company's half-hour travel show, "Estelle's Paradise," airs on the Dish Network (Colours TV, channel 9407), DirecTV, the America One Network, as well as on numerous independent stations and network affiliates.

Results of Operations

The following is an itemization of our results of operations for the three-month period ended September 30, 2005 as compared to the three-month period ended September 30, 2004.

REVENUE. Total revenue for the three-month period ended September 30, 2005 was $44,899 compared to $151,006 for the three-month period ended September 30, 2004. Revenues declined by approximately 70%, we reduced our total expenses by approximately 91%, and we incurred a Net loss of $568,858.

EXPENSES:

GENERAL AND ADMINISTRATIVE. General and Administrative expenses relate to operating costs, subscription fees and marketing costs associated with the promotion of our media services. General and administrative expenses for the three-month period ended September 30, 2005 were $48,108 compared to $583,770 for the three-month period ended September 30, 2004.

DEPRECIATION. There was no Depreciation expense for the three-month period ended September 30, 2005 compared to $674 for the three-month period ended September 30, 2004. This represents depreciation on the assets of the Company.

TOTAL EXPENSES. Total expenses for the three-month period ended September 30, 2005 were $48,108 compared to $584,444 for the three-month period ended September 30, 2004. Total expenses decreased significantly from the comparable period as a result of eliminating the use of independent contractors to whom Company services were previously outsourced and a large reduction in general and administrative expenses.

NET INCOME. Our net loss was $26,118 for the three-month period ended September 30, 2005 compared to net loss of $568,858 for the three-month period ended September 30, 2004. Management seeks to increase profitability, as we expand our business services without the need to employ the services of independent contractors.

Future Business

We expect our industry to continue being increasingly competitive given the size and continued growth in the entertainment and Intranet market. We intend to compete by continuing to provide Latino audiences throughout South America greater understanding to current social issues with entertaining programs. Our main goal is to ensure greater awareness with creative and enjoyable multimedia and to develop an outstanding reputation for truth and loyalty. If we fail to market and distribute our exclusive programs and generate sufficient revenues, we may be unable to continue as a going concern.

Liquidity and Capital Resources

Management believes our minimal cash and equivalents will not be sufficient to fund ongoing fiscal 2005 and 2006 operations and working capital needs. Revenues generated over and above expenses will be used for further development of our services, to provide financing for marketing and promotion, to secure additional equipment and personnel, and for other working capital purposes.

To date, we have financed our cash flow requirements through an issuance of common stock and through the revenue generated from existing operations. During our normal course of business, we may experience net negative cash flows from operations, pending receipt of revenues.

Item 3. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon her evaluation of those controls and procedures performed as of September 30, 2005, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures were adequate.

(b) Changes in internal controls. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by our chief executive and principal financial officer.

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PART II - OTHER INFORMATION

Item 6(a) - Exhibits

Exhibit Number	Name and/or Identification of Exhibit
31	Rule 13a-14(a)/15d-14(a) Certification
32	Certification under Section 906 of the Sarbanes-Oxley Act (SECTION 1350)

Item 6(b) - Reports Filed on Form 8-K

For the quarter ended September 30, 2005 the Company did not file any reports on Form 8-K with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PitBOSS Entertainment, Inc.

(Registrant)

Date: November 22, 2005

By: /s/ John D. Jarvis

John D. Jarvis

President/CEO and Treasurer/CFO

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